

1 like about the product to feed back into our
2 product development life cycle.

3 Q. Did it -- did it work? In other words,
4 did transactions actually occur through this [REDACTED]
5 [REDACTED] and [REDACTED] route?

6 A. To my recollection, we processed a
7 number of transactions through that product.

8 Q. Did that product go into commercial
9 production back in 2014?

10 A. It did not. And we found that the
11 experience wasn't quite what it needed to be.
12 There were too many steps in the process. And
13 although customers really enjoyed having fast
14 instant payments, enjoyed having the ability to
15 deposit U.S. dollars at a local convenience store
16 and have them remitted across borders, it was very
17 difficult to get folks to understand all the
18 different steps and partners in the chain to
19 facilitate that use case.

20 Q. How did that work on the [REDACTED]
21 [REDACTED] project back in 2013/'14 relate to
22 Ripple's subsequent development of RPP, xRapid,
23 RippleNet, et cetera?

24 MR. HANAUER: Objection; form.

25 A. Well, you know, you start with the

1 customer and their feedback in terms of all the,
2 you know, product friction. And so we took a lot
3 of that feedback and started writing up all the
4 things that we needed to solve before bringing
5 this product to market.

6 One of the items that we needed to
7 resolve was that sending money was expensive given
8 how thin the liquidity was back in 2013 and 2014.
9 And so one of the friction points was, to really
10 scale this and bring it to production, we needed a
11 better mechanism to provision liquidity.

12 And then we learned a lot about, hey,
13 like, just because there's a lot of steps in the
14 process doesn't mean that you need to expose all
15 those steps to the customer. So we learned a lot
16 about customer segmentation. Maybe not going
17 directly to the customer, but maybe to some of the
18 other remittance -- remittance companies that were
19 better suited at marketing to these customers.
20 And also serving these customers, localized
21 language and so forth, were better targets for
22 future versions of our product. Not the end
23 retail customer, but -- or remitter, but
24 potentially the payment provider or FinTech
25 offering that service in a novel way to that

1 customer was a better target.

2 Q. Is it fair to say even as way back in
3 2013 when you joined Ripple, it had a vision to
4 leverage XRP in the ledger to facilitate
5 cross-border payments?

6 MR. HANAUER: Objection; leading.

7 A. Yeah. Early on the products I mentioned
8 were tightly coupled with the XRP ledger and made
9 use of native inherent built-in technologies to
10 the XRP ledger such as the decentralized exchange,
11 XRP auto bridging, and the ability to hold
12 different digital assets in an XRP-enabled wallet
13 including XRP, U.S. dollars, Mexican pesos, gold,
14 are examples of different assets that you would
15 hold in those wallets.

16 Q. Are you familiar with something called a
17 "gateway strategy"?

18 A. Yes, I am.

19 Q. What was that?

20 A. From my recollection, the -- the gateway
21 strategy was an early version of the foundational
22 software that underpins RippleNet today. And
23 the -- one of the things that we realized early on
24 is that using any crypto technology, you needed a
25 way to get on and off, as we called it, the crypto

1 superhighway. And that connective issue, we sort
2 of thought of it as connecting back to the real
3 world, enabled customers to easily issue assets
4 such as U.S. dollars, Mexican pesos, gold, for
5 example, on the XRP ledger. They were called
6 gateways.

7 Gateway D was a product that made it
8 easier for gateways or the on and off ramps to
9 issue new assets or existing assets and represent
10 them on the blockchain, in this case, the XRP
11 ledger.

12 Q. Is that -- is Gateway D another example
13 of technology and product Ripple developed
14 leveraging the XRP ledger?

15 MR. HANAUER: Objection; leading.

16 A. Yes. To my recollection, the Gateway D
17 product was tightly coupled with the XRP ledger
18 and it made use of features for exchanging
19 different assets. It made use of XRP auto
20 bridging, the decentralized exchange, as I
21 mentioned earlier, that leveraged XRP to bridge to
22 illiquid assets when it improved the customer
23 experience.

24 Q. Did it work?

25 A. The Gateway D product?

1 Q. Yes.

2 A. Yes, it -- it worked.

3 Q. Okay. And do I understand correctly
4 that it's basically morphed over time into other
5 Ripple products like Ripple Connect, Ripple
6 Solution, xCurrent, RippleNet?

7 MR. HANAUER: Objection; leading.

8 A. Yes. Based on customer feedback, we
9 took the feature sets and improved them over time
10 based on what our customers provided as feedback.
11 And over time they've gotten better and better,
12 more robust, faster, and responded back to
13 customer feedback that we got from the field, from
14 both early adopters and advanced customer users.

15 Q. Let's talk about Ripple Card. You
16 mentioned that you tested it at a cafe when you
17 were questioned earlier, is that -- is that right?

18 A. Yeah, that's right.

19 Q. Did it work?

20 A. It worked exceptionally well.

21 Q. And -- and can you just describe a
22 little bit more how Ripple Card worked?

23 A. Oh, so the Ripple Card -- the issuer of
24 the Ripple Card was the [REDACTED] network.

25 And you could use the Ripple Card wherever the

1 [REDACTED] was accepted. And the way that it worked
2 is that we developed connective software that
3 leveraged the Gateway D product that we mentioned
4 so that the balances that you had in your XRP
5 ledger account -- and these balances could be any
6 token that could be exchanged. So it could be
7 U.S. dollars, which a lot of people can do today
8 using credit cards. But the novelty piece was
9 that you could also spend digital assets like
10 bitcoin and XRP. And -- and we had an issue of
11 gold on the XRP ledger. And you could spend any
12 balance that you had that was able to auto bridge
13 using the auto bridging technology and pay for
14 things at different cafes.

15 And the interesting part was that the
16 cafe got paid in U.S. dollars because that's the
17 currency they wanted, but you were able to
18 originate them in any sort of token that the XRP
19 ledger supported and that was in your wallet.

20 So, in essence, you could go to this
21 cafe next door and pay for your coffee in gold,
22 bitcoin, XRP or U.S. dollars, but the cafe got
23 U.S. dollars in return. And that all happened
24 instantly.

25 Q. And that was back in 2013?

1 A. I don't recall the dates exactly, but
2 sometime in 2013/early 2014.

3 Q. Okay. Turning now to the RPP, the
4 Ripple Payments Protocol, do you recall what
5 customer problem it was trying to solve for?

6 A. So what we learned with RPP was that
7 there are a whole host of customers that don't
8 have -- that are underserved by today's financial
9 institutions. They don't have access to wholesale
10 FX rates, for example. They don't have access to
11 technologies that could easily transfer between
12 currencies and instantly deliver them without
13 having to pre-fund.

14 So we got this insight that when a
15 customer, a prospective customer, said they were
16 instant in moving money to Mexico, but we learned
17 from our early RPP customers the way that they
18 facilitated that was by opening a Mexican bank
19 account and pre-positioning Mexican pesos.

20 But we learned that these early
21 customers of RPP, that was a big pain point for
22 them. And we asked them why they weren't growing
23 faster and they mentioned, well, we can only grow
24 as fast as the pesos we have pre-positioned and
25 the amount that we could facilitate using the cash

1 they had on hand.

2 And so that gave us the insight that not
3 only do they want speed and efficiency, but they
4 don't have access to great FX rates and capital.

5 Working capital was an inhibitor to growth for
6 customers.

7 Q. Did RPP work?

8 A. RPP worked, but early on we realized
9 that we needed -- to scale that product, we needed
10 a few things. One, customers want to adopt
11 breadth. So just facilitating one corridor only
12 appeals to a very small segment of customers. And
13 so having breadth of the available destination
14 currency was important to our customers.

15 And secondly -- well, third -- three
16 points. Secondly, they believed that they want
17 the ability to scale. And if they were going to
18 use RPP, they wanted to move all their payments
19 over RPP. And to move all their payments over
20 RPP, you needed sufficient liquidity depth at the
21 exchanges.

22 And then, thirdly, they wanted reliable
23 FX rates. And even though the cryptocurrency
24 markets were fluctuating -- and, again, back in
25 2013/'14, they were fluctuating a great deal, even

1 more than today or these days -- they demanded
2 consistent reliable FX rates.

3 Q. Was [REDACTED] a German bank, one of RPP's
4 customers?

5 A. They were an early pilot cust --
6 customer of RPP and of, I believe, Gateway D.

7 Q. Was [REDACTED] a cross-border payment
8 platform, a customer of RPP?

9 A. [REDACTED] I believe was an early
10 customer of Gateway D and Ripple Connect.

11 Q. Okay. Let's turn now to xCurrent, which
12 I believe you testified was one of the components
13 of what is now called RippleNet, is that right?

14 A. I believe that's correct, yes.

15 Q. Okay. But do you recall approximately
16 when Ripple developed the product called xCurrent?

17 A. Well, the precursor to xCurrent, as we
18 discussed, goes back pretty early on in the
19 company known as Gateway D. XCurrent --

20 Q. So let me -- let me rephrase my question
21 maybe, then.

22 What customer problem was xCurrent
23 trying to solve for?

24 A. Going back to the RPP, you know,
25 customer feedback, liquidity was an issue to

1 leverage XRP and digital assets for cross-border
2 payments. And what -- we wanted to start laying
3 the foundation for a better payment system. And
4 in listening to customers, if -- if the liquidity
5 wasn't quite ready to leverage something like RPP
6 or the future version known as xRapid and ODL, how
7 do we get going?

8 And the idea was, in talking to
9 customers, that using the current system was
10 something that was developed in the 1960s and it
11 was dropping files into an FTP server. And those
12 files were payment instructions that would be
13 picked up once a night.

14 So the ah-ha was that, here we are in,
15 you know, 2014 and '15 and payments are still
16 instructed via FTP in batch once a night even
17 though the global economy and e-commerce was
18 moving to real time.

19 And so there was this mismatch. And
20 global -- the global e-commerce economy -- economy
21 was booming, but here we were, customers that we
22 were talking to were batching FTP files every
23 night.

24 So we developed a product called
25 xCurrent that solved that pain point for our

1 customers using modern point-to-point technology.
2 The old system went through several central
3 counterparties that had access to your information
4 that could also drop the ball in terms of
5 processing a payment.

6 They didn't operate 24 by seven. They
7 only batched, you know, at most, from what our
8 customers told us, once a day. So we developed
9 this technology that was known as xCurrent that
10 was a peer-to-peer messaging platform. Encrypted,
11 secure, only two counterparties, the sending and
12 receiving exchange. And you can instantly
13 exchange KYC, know your customer, travel rule
14 information, payment details, costs, without any
15 kind of price. So it was very novel to the
16 industry.

17 The other thing that our customers liked
18 about it was that it worked locally and it wasn't
19 in a third party's cloud.

20 And so that was the foundation. We
21 wanted to start rolling that out to provide one
22 part of the puzzle, but we always had a second
23 piece of the puzzle, the one-two punch, meaning
24 you can have fiat settlement with xCurrent, but
25 there was still the liquidity issue. So we

1 designed the product so that once there was
2 sufficient liquidity, we could insert that feature
3 into xCurrent, now known as RippleNet, and it
4 would be an upgrade so that they could not only
5 get the better messaging software and
6 capabilities, but now they could also get the more
7 efficient liquidity portion when we released
8 xRapid as part of RippleNet. So it was add-on to
9 Ripple Net.

10 Q. Did xCurrent work?

11 A. Yes.

12 Q. Is it -- is it still in use as part of
13 the RippleNet suite?

14 A. Yes. And some of our customers use both
15 ODL and RippleNet without ODL, depending on the
16 jurisdiction that they're sending to.

17 Q. Do -- do customers of the xCurrent
18 feature of RippleNet include financial
19 institutions?

20 A. Yes, I believe so.

21 Q. Now, you were asked some questions
22 relating to xRapid. And I believe you testified
23 that there were one or more points in time where
24 your team tested out other digital assets to see
25 if they could substitute for XRP in the xRapid

1 product.

2 Do you remember giving that testimony?

3 A. I believe so, yes.

4 Q. What other digital assets did your team
5 assess for possible substitution in use for
6 cross-border payments?

7 A. I don't know for certain, but I believe
8 that they were -- the two assets that we used and
9 tested were bitcoin and ether.

10 Q. To the best of your recollection, what
11 was the assessment of -- of bitcoin and ether
12 versus XRP for use in cross-border payments?

13 A. To my recollection, the -- you know, the
14 bitcoin blockchain and the ether blockchain both
15 had a limited number of what are known as blocks
16 to process transactions. And when that got full,
17 your transaction was either bumped to subsequent
18 blocks, meaning you would have a delay, which, you
19 know, our customers wanted instant payments. So
20 that was a bit of an issue. Sometimes those
21 delays and congestion could be hours.

22 And then the second issue was that if
23 you didn't want the delay, you would have to pay
24 fees to prioritize your transaction to get in an
25 earlier block. And those fees sometimes would

1 range from \$50 to \$100. And our customers often
2 were sending 100 to 200 dollar payments. And so
3 that variability didn't make sense for our
4 customers.

5 And, also, keep in mind you have to make
6 two transactions on the blockchain to facilitate
7 an xRapid and ODL payment, one on the sending
8 exchange, one on the receiving exchange. So
9 sometimes you get hit with double the fees. So
10 the cost and -- and the time and a combination of
11 the two were prohibitive in terms of providing the
12 right kind of experience to our customers.

13 Q. Do you have a view, Mr. Birla, of
14 whether or not XRP is better suited to
15 cross-border payments than bitcoin or ether?

16 A. The inherent nature of -- you know, to
17 my knowledge, the inherent nature of the XRP
18 ledger and XRP being fast and with a low
19 transaction fee make it a good mechanism for
20 payments and provide the right kind of experience
21 we need in the ODL and xRapid product.

22 MS. ZORNBERG: Give me one
23 moment, please.

24 No further questions.

25 MR. HANAUER: No -- no redirect.

1 Thank you, Counsel.

2 THE VIDEOGRAPHER: The time --

3 the time on the video monitor -- the time

4 on the video monitor is now 6:49 p.m.

5 This is the end of Media Unit Number 7.

6 This is also the end of today's video

7 deposition of Mr. Asheesh Birla here in

8 New York City, Wednesday, June 23rd, 2021.

9 The total time for today's testimony will

10 be approximately 7 hours and 30 minutes.

11 Thank you, everyone. This

12 concludes today's video deposition.

13 (Whereupon, the deposition

14 concluded at 6:49 p.m.)

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1 STATE OF NEW YORK)

2) ss:

3 COUNTY OF NEW YORK)

4 I hereby certify that the witness in the
5 foregoing deposition, ASHEESH BIRLA, was by me duly
6 sworn to testify to the truth, the whole truth and
7 nothing but the truth, in the within-entitled cause;
8 that said deposition was taken at the time and place
9 herein named; and that the deposition is a true record
10 of the witness's testimony as reported by me, a duly
11 certified shorthand reporter and a disinterested person,
12 and was thereafter transcribed into typewriting by
13 computer.

14 I further certify that I am not interested in
15 the outcome of the said action, nor connected with nor
16 related to any of the parties in said action, nor to
17 their respective counsel.

18 IN WITNESS WHEREOF, I have hereunto set my
19 hand this 25th day of June, 2021.

20 Reading and Signing was:

21 requested waived not requested.

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BRIDGET LOMBARDOZZI, CSR, RMR, CRR

